



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
*Two Gateway Center*  
*Newark, NJ 07102*

TELECOMMUNICATIONS

IN THE MATTER OF THE PETITION OF	)	<u>ORDER OF APPROVAL</u>
NEW EDGE NETWORK, INC. D/B/A NEW	)	
EDGE NETWORKS FOR AUTHORITY TO	)	DOCKET NO: TF00030159
INCUR DEBT OBLIGATIONS	)	

Weidenbaum, Weinard & Harari, by Jack Harari, Esq., Morristown, New Jersey  
for New Edge Network, Inc. d/b/a New Edge Networks

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Leo M. Lim,  
Supervising Accountant and Julie Huff, Accountant II, Office of the  
Economist on behalf of the Staff of the Board of Public Utilities

BY THE BOARD:

New Edge Network, Inc. d/b/a New Edge Networks ("New Edge" or "Petitioner"), a public utility subject to the jurisdiction of the Board, filed a petition on March 17, 2000, pursuant to N.J.S.A. 48:3-7 and 48:3-9, requesting approval to participate in certain financing arrangements whereby New Edge will pledge certain assets as collateral as part of the establishment of a credit facility arrangement under a loan and security agreement with Newbridge Financial Services, a unit of GE Capital Corporation (the "Lender").

Petitioner is a privately-held Delaware corporation with principal offices located at 3000 Columbia House Boulevard, Suite 106, Vancouver, Washington 98661. Petitioner is authorized to provide facilities-based local exchange and interexchange telecommunication services throughout of the State of New Jersey pursuant to a Board Order dated March 27, 2000 in Docket No. TE99100774.

New Edge has arranged to gain access to \$25 million under a secured revolving Credit Facility arrangement (the "Credit Facility") with the Lender. The Credit Facility will be secured by first priority security interest on behalf of the Lender in, among other things, the assets financed through the Credit Facility, as well as any and all proceeds derived from such assets. Under the terms of the financing arrangement, the revolving Credit Facility may be borrowed and repaid from time to time. Any advances will be evidenced by a promissory note and repaid in quarterly installments along with any accrued interest and all extensions, renewals or modifications on or by the maturity date of such note.

Prepayment of advances shall be subject to a variable prepayment premium based upon the time the prepayment occurs. The interest rate on each advance will be at a variable interest rate per annum based upon the three (3) month LIBOR rate plus a spread of basis points. The proceeds will be used to purchase telecommunications equipment, including Digital Subscriber Line Access Multiplexers and Associated electronics for New Edge's operations in New Jersey and throughout the United States.

By letter dated October 18, 2000, the New Jersey Division of the Ratepayer Advocate (Advocate) filed comments on this matter and recommended that the Board decline to grant the petition as currently filed. The Advocate espoused this position because New Edge plans to use a portion of the proceeds of the financing to deploy equipment in New Jersey so as to enable New Edge to provide affordable service once it begins operations in New Jersey. No further specifics are provided on the benefits such financing will provide to New Edge's operations in New Jersey, and by extension, to its prospective customers in New Jersey, if and when it begins operations in this state. The Board disagrees. The petition indicates that expansion of the Petitioner's operations through the greater access to capital provided by the Credit Facility will benefit New Jersey consumers as well as, presumably, customers outside of New Jersey. Because today's telecommunications hardware and software can be located outside of the State and serve customers within the State, and its future customer base in the State is not presently known, the Board is hard-pressed to conclude that the purpose of the Credit Facility should not be approved. The Board accepts the Petitioner's assertion that the proceeds of the Credit Facility will be used to expand and develop its network and its operations, and the Board finds that this is a lawful objective that will, if met, benefit New Jersey customers and citizens alike by promoting competition for telecommunications services in New Jersey, and by encouraging investment within the State.

The staff's review indicates that the Credit Facility is in accordance with law and that the use of the proceeds associated therewith is appropriate. Moreover, while there is no guarantee in this regard, especially given the competitive environment in which Petitioner operates, the Board is satisfied that the transactions will not have an adverse impact on Petitioner's operations in New Jersey

After review the Board FINDS that the transaction to be made in accordance with the law, is in the public interest, and approves the purposes thereof. The Board HEREBY AUTHORIZES Petitioner to participate in financing arrangements under the Credit Facility described herein.

This Order is issued subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing, for any purpose whatsoever, any value of the tangible or intangible assets now owned or hereafter to be owned by Petitioner.
2. Petitioner shall semiannually file statements for the amounts, use of the amounts and use of the credit facilities pursuant to N.J.A.C. 14:1-5.9(b).
3. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents,

a default or assignment under such agreement does not constitute automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

4. This Order shall not affect, or in any way limit the exercise of the authority of this Board, or of the State, in any future petitions or in any proceeding with respect to rates, franchises, services, financing, accounting, capitalization, depreciation or any other matters affecting the Petitioner.

DATED: December 6, 2000

BOARD OF PUBLIC UTILITIES  
BY:

[SIGNED]  
HERERT H. TATE  
PRESIDENT

[SIGNED]  
FEDERICK F. BUTLER  
COMMISSIONER

ATTEST: [SIGNED]

FRANCES L. SMITH  
BOARD SECRETARY